



U.S. TRADE IN PERSPECTIVE

U.S. Department of Commerce, International Trade Administration, Trade Development February 2002



Trade Deficit Narrowed in December; Exports Up Slightly as Imports Fell

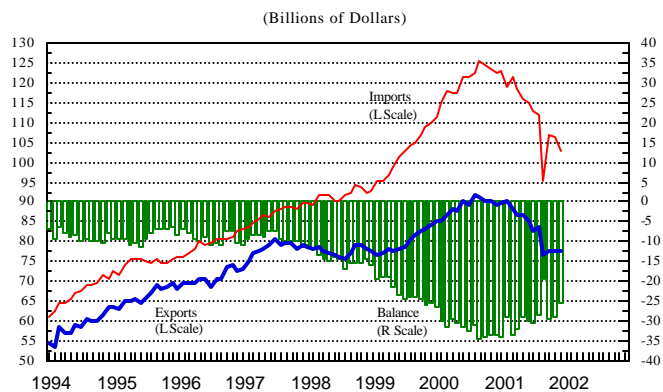
Recent Developments: *U.S. exports of goods and services rose \$0.1 billion to \$77.9 billion in December 2001 and imports fell \$3.1 billion to \$103.2 billion. The trade deficit was \$25.3 billion, \$3.3 billion less than November's revised data.*

Trade Performance: For 2001, exports were down 5.8 percent, while imports were down 6.3 percent from a year earlier. The goods and services deficit was \$346.3 billion, or \$28.9 billion per month. In 2000, the trade deficit was \$375.7 billion, or \$31.3 billion per month.

In December, U.S. exports of goods decreased \$1.1 billion to \$54.9 billion. The November to December change reflected decreases in exports of capital goods such as semiconductors; other industrial machines; and measuring, testing, and control instruments. Decreases were also occurred in automotive vehicles, parts, and engines. Merchandise imports fell \$4.0 billion to \$86.3 billion, reflecting decreases in industrial supplies and materials.

Some of these goods were crude oil, iron and steel mill products, and fuel oil. Decreases also were registered in capital goods, such as semiconductors, computer accessories, electric apparatus, and other industrial machines. Decreases also occurred in automotive vehicles, parts, and engines and in consumer goods such as pharmaceutical preparations and other household goods. The trade surplus in services was \$6.1 billion in December, up from last month. In 2001, the U.S. trade deficit was 3.4 percent of the gross domestic product (GDP). Last year, the trade deficit was 3.8 percent of GDP, and in 1999, it was 2.8 percent.

U.S. INTERNATIONAL TRADE



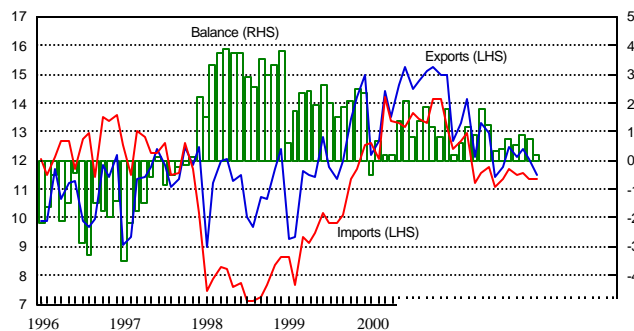
December Highlights:

- December exports to China (\$1.9 billion) were a record.
- December imports from Japan (\$9.4 billion) were the lowest since January 1999 (\$9.2 billion).
- December exports to Canada (\$11.3 billion) were the lowest since July 1998 (\$10.5 billion).
- December exports to Mexico (\$7.3 billion) and December imports from Mexico (\$9.3 billion) were both the lowest since July 1999, exports (\$7.1 billion) and imports (\$9.2 billion).
- The December average price per barrel of crude petroleum (\$15.51) was the lowest since June 1999 (\$14.52).

In 2001, Korea avoided a recession despite the slowdown in the United States and in Korea's other trading partners. Inflation remained moderate, unemployment was below year ago levels, and Korea's stock market performed well while many stocks around the world were in decline.

INTERNATIONAL TRADE

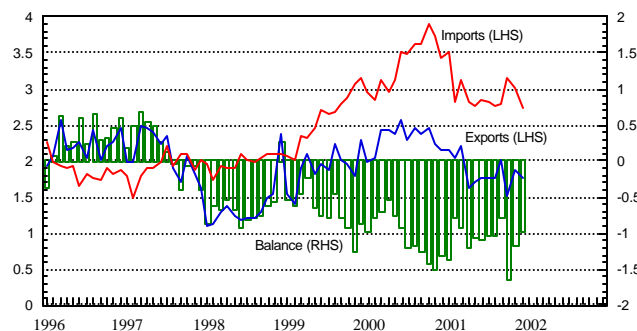
(Merchandise, Billions of Dollars)



Korea's Trade with the World - was \$291.8 billion during 2001, a 12.3 percent decrease over 2000. During this period, Korea's exports totaled \$150.7 billion, a decrease of 12.5 percent, and imports were \$141.1 billion, a decrease of 12.1 percent. As a result, Korea had a trade surplus of \$9.5 billion in 2001. This compares to an \$11.8 billion surplus in 2000.

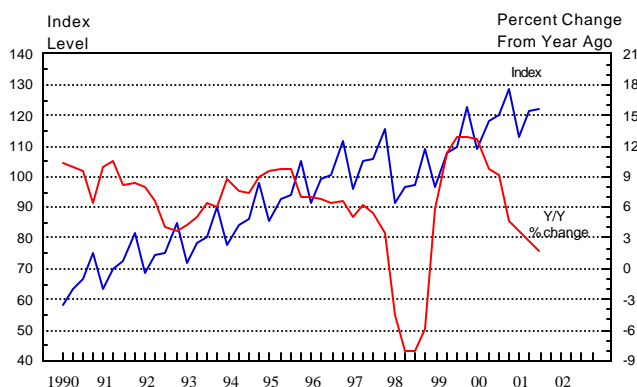
U.S. TRADE WITH KOREA

(Merchandise, Billions of Dollars)



U.S.-Korea Bilateral Trade - was \$57.4 billion during 2001, a 15.8 percent decrease over 2000. During this period, U.S. exports to Korea totaled \$22.2 billion, a decrease of 20.2 percent over a year ago, and U.S. imports were \$35.2 billion, a decrease of 12.7 percent. The United States had a trade deficit of \$13.0 billion. This compares to a \$12.5 billion deficit in 2000.

REAL GROSS DOMESTIC PRODUCT



Developments in Economic Growth

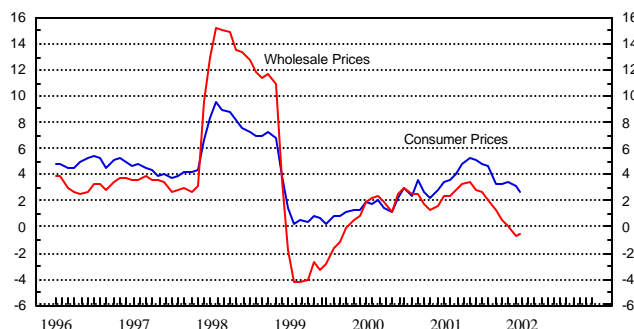
Growth - Korea's real gross domestic product (GDP) in the third quarter 2001 was 1.8 percent above a year ago. The year-on-year GDP growth has been on the decline since the first quarter 2000 when GDP growth was at 12.6 percent.

Developments in Inflation -

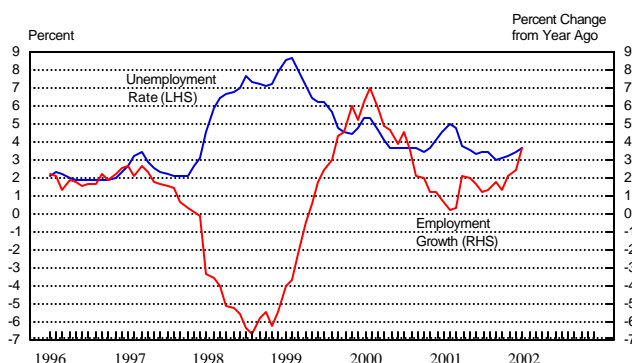
The year-over-year rate of consumer price inflation (CPI) dipped to 2.7 percent in January 2002. This is the lowest year-over-year increase in the CPI since November 2000, when consumer prices grew by 2.6 percent. Wholesale prices are a bit below year ago levels.

INFLATION RATES

(Percent Change from Year Ago)



LABOR MARKETS



Developments in Labor Markets -

In January 2002, Korea's unemployment rate of 3.7 percent edged above the December 2001 level (3.4 percent) yet remained well below the year ago level of 4.6 percent. The growth in employment was 3.6 percent in January 2002 from a year ago.

Developments in Financial Markets

- Interest rates in Korea rose in the last months of 2001. The 10-year bond rate which had dropped to 6 percent in September 2001, had increased to nearly 7 percent by January 2002. In the meantime, the stock market also moved higher, up 24 percent in January 2002 from a year ago.

INTEREST RATES

(Percent)

